



## **Request for City Council Committee Action From the Finance Department**

Date: September 2, 2003  
To: Ways and Means Committee  
Referral to: None

**Subject: Release a Request for Proposals for Managed Care Organization(MCO) / Preferred Provider Organization(PPO) / Occupational Health Clinic Services, select a vendor and negotiate a Contract to be brought before Council.**

**Recommendation:**

- 1. Authority for the Finance Department to issue an RFP for MCO/PPO/ Occupational Health Clinic services including employment and workers' compensation services.**
- 2. Authorize the proper City officials to select and negotiate a contract with the selected MCO/PPO vendor to do administration for City employees in their employment health needs. Services will be paid for out of Fund 6900, Agency 820, Org 8290 & 8295.**

**Previous Directives: None**

Prepared or Submitted by: Ellen Velasco-Thompson, Director of Risk Mgmt. & Claims,  
612 673-3994

Approved by: Patrick Born, City Finance Officer \_\_\_\_\_

John Moir, City Coordinator \_\_\_\_\_

Presenters in Committee: Ellen Velasco-Thompson, Director  
Risk Management & Claims

**Financial Impact** (Check those that apply)

☒ **X** No financial impact - or - Action is within current department budget.  
(If checked, go directly to Background/Supporting Information)

- ☐ Action requires an appropriation increase to the Capital Budget
- ☐ Action requires an appropriation increase to the Operating Budget
- ☐ Action provides increased revenue for appropriation increase
- ☐ Action requires use of contingency or reserves
- ☐ Other financial impact (Explain):



**Community Impact** (use any categories that apply)

\_\_\_ Neighborhood Notification

\_\_\_ City Goals

\_\_\_ Comprehensive Plan

\_\_\_ Zoning Code

\_\_\_ Other

X Not applicable

**Background/Supporting Information Attached:**

The City of Minneapolis has contracted with CorVel Corporation for the provision of employment and workers' compensation services, which began March 1, 1998. With extensions, this contract expires on December 31, 2003. The City Coordinator and Finance Officer recommend that the City issue a Request for Proposals (RFP) to determine whether there may be a viable option for these services.

Historically, the City's WC medical benefits after reductions have paid the following: in 2000, \$2,318,683, in 2001, \$2,236,678, in 2002, \$2,372,234, for the 1<sup>st</sup> half of 2003, \$1,134,885.

Under employment services, costs are reviewed and billed back to the authorizing department. For the 1<sup>st</sup> half of 2003, \$1,253,704 was billed to the City by medical providers (3362 actual bills), \$435,937 was discounted by our present vendor, resulting in an actual payment of \$817,766.

Currently, there are only four Managed Care Organizations certified by the State of Minnesota. The industry has gone through some changes since the original RFP was issued and we feel there may be reasonable options to consider.

The present RFP for services is being reviewed and revised by PRC on September 4, 2003.

A Committee of key department representatives and MBC have been assembled to review RFP responses, recommend a final vendor and assist in negotiating a contract.

We are requesting that the proper city officials be authorized to select and negotiate a contract with the approved MCO/PPO vendor to do billing administration for City departments and its employees in their health needs subject to the following:

1. The contract shall be reviewed and approved by the City Coordinator, City Finance Officer, and the City Attorney.
2. The contract shall be approved by the City Council of the City of Minneapolis prior to its execution.